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**SRJC Foundation Investment Committee**

*Unadopted Minutes*

Thursday, August 3, 2023 / 7:30 am – 9 am

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**Members:** Don Chigazola – Chair, Sue Nelson – Vice Chair, Marion Walker, Scott Bartley, Kate Jolley, Matt Huntstock, Noah Jacobson, Evan Hershey

**Staff:** J Mullineaux, Katie Greenwald

- 1) **Call to Order** – Don Chigazola
  - The meeting was called to order at 7:30 am
  - Don Chigazola welcomed Evan Hershey to the Committee
  - J Mullineaux announced that Jorge Servin has stepped down from the Foundation Board and the Investment Committee
  
- 2) **Public Comment** – Don Chigazola
  - There were no members of the public present and no comments
  
- 3) **Approval of Minutes** – Don Chigazola
  - Minutes from Investment Committee meeting on 5.4.23 were approved. M/S/A
  
- 4) **Consultant's Report**
  - Graystone first covered a capital markets overview, highlighting the capital market performance for the quarter, and providing a forward outlook for the economy and various capital markets for the remainder of 2023.
  - Graystone highlighted the strength in equity markets for the first half of 2023, in sharp contrast to the declines of last year. While equity markets have continued to move higher, bond volatility has remained elevated with swings in interest rates continuing throughout the first half of the year.
  - Looking forward, Graystone continues to see moderating economic growth with the expectation that we are in the latter stages of the economic cycle.
  - Equity valuations remain elevated, with the largest capitalization corners of the market the most expensive by traditional valuation measures.
  - While interest rate volatility remains high, Graystone expects that the majority of the rate move is behind us, and the outlook for bonds has improved compared to years past.
  - Graystone continues to believe that the Hedge Fund and Real Asset spaces offer compelling opportunities with the expectation for continued vol in the equity and fixed income markets ahead.
  - Next Graystone covered the portfolio review ending June 30, 2023.



- First Graystone discussed the asset allocation relative to policy targets, and highlighted that the portfolio sits very close to long term strategic targets, and well within guidelines of the investment policy statement. As such, Graystone is not recommending any change in allocation at this time.
- Graystone next discussed the portfolio returns through June 30<sup>th</sup> 2023, focusing on both the quarter and the full fiscal year returns.
- Performance for the fiscal time period came in very strong, outpacing both the policy benchmark as well as the spending plus inflation benchmark.
- The portfolio is now outperforming its benchmark over all long term time periods.
- Graystone took the committee through a series of portfolio changes that have recently taken place, including several rebalances during the quarter, a modest reduction in equity weights and corresponding increase in hedge fund weights (with two new positions in Hudson Bay and Verition), and a swap of the Nuveen Global Cities REIT portfolio for the KKR Infrastructure Fund (KINFRA).
- Graystone took the committee through individual manager returns, highlighting those that did well and those that struggled for the quarter.
- Next Graystone presented the annual Asset Allocation study, testing the policy targets versus the Foundation's objectives as it relates to returns and risk.
- As usual, the group discussed the exceptionally high target rate of return for the Foundation (spending + inflation + administrative expenses) and how this return over the long run is likely unsustainable. The committee recognized that the actual spend rate is materially less than the 3.5% in spending policy, and as a result, the actual performance objective of the portfolio is lower and consistent with the projected returns of the asset allocation.

5) **Exchange Bank Investments – J Mullineaux**

- Kate Jolley and J Mullineaux recently met with Matt Kelman at Exchange Bank regarding the Doyle Reserve Funds managed through Exchange Bank.
- There is a \$1.9 million CD that matured on August 1. It was earning a very low rate.
- Some of the reserves are also in a Money Market Fund that was earning 4.99% prior to the recent interest rate hike by the federal Reserve.
- We would like to reinvest that \$1.9 million into the money market fund.
- The Committee agreed that this would be a good move.
- This will also be brought to the Executive Committee on Sept 6.

6) **Other Business**

- Dr. Angélica Garcia attended briefly to meet the investment committee

7) **Adjourn**

- Next meeting Thursday, November 2, 7:30 – 9 am
- Meeting adjourned at 8:59 am

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